

LFC Requester: _____

**AGENCY BILL ANALYSIS
2025 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO
AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov
(Analysis must be uploaded as a PDF)**

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:
Original **Amendment** _____
Correction _____ **Substitute** _____

Date Prepared 1/27/2025
Bill Number: SENATE BILL 126

Sponsor: Sen. Padilla
Short Title: INCREASE RURAL SERVICE
FUND ALLOCATIONS

Agency Name and Code DFA-341
Number: _____
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		10,000	10,000		Recurring	State Rural Universal Service Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

Senate Bill 126 (SB126) amends the Rural Telecommunications Act, Section 63-9H-6 NMSA 1978. SB126 increases the statutory total obligations cap of the Universal Service Fund from \$30 million to \$40 million. Consequently, the bill also increases amount dedicated to the Broadband Program from the Universal Service Fund from \$30 million to \$40 million (less the amounts expended for other programs pursuant to the Act).

The effective date of this bill is July 1, 2025.

FISCAL IMPLICATIONS

The SRUSF surcharge is currently set at \$.79 to fund the 2025 fund size of \$28,311,616.77. It is estimated that the surcharge rate would need to increase approximately 25% to raise the additional \$10 million in funding. The total fund size is determined on an annual basis and may be subject to the demand for the construction and maintenance of broadband infrastructure.

Communication Connection Rate

2025 \$0.79
2024 \$1.13
2023 \$0.97
2022 \$0.95
2021 \$1.08

Current Fund Balance (as of 12/31/2024): \$23,446,543.20

SIGNIFICANT ISSUES

The increased funding for the broadband program may help meet the demand for broadband projects in rural unserved areas. The increase in the SRUSF cap allows for additional broadband projects to be obligated.

The Broadband Access and Expansion Act of 2021 provides each year a minimum of \$8 million of the SRUSF shall be dedicated to the broadband program. The increase from \$30 million to

\$40 million will allow for an increased ability for the SRUSF to meet and exceed the minimum of \$8 million each year of the SRUSF total obligations of the fund. The total amount awarded to the Broadband Program for 2025 was \$10,271,460.73 of the total SRUSF fund size of \$28,311,616.77. The majority of the remaining funds are determined by formula for Access Reduction Support (“ARS”) payments to rural incumbent local exchange carriers (“ILECs”).

The 2nd report of the NMPRC Concerning the SRUSF to the NM Legislature in 2021 included a recommendation to raise the cap from \$30 million to \$40 million to address the demand for broadband and stated, “The RTA’s \$30 million cap is preventing the Broadband Program from being fully responsive to the urgent broadband access needs generated by the pandemic. Thus, the Commission believes that the cap is temporarily interfering with the Broadband Program’s purposes.”

Per USF Manager: There are 85 broadband projects awarded totaling \$41,389,960.58.

PERFORMANCE IMPLICATIONS

Pending Broadband Awards:

19-00106-UT	668,068.18
20-00099	531,367.00
21-00098	6,364,017.22
22-00097-UT	5,527,577.73
23-00154-UT	9,679,794.90
24-00138-UT	9,705,518.06

Per USF Manager: Broadband awards reflect the maximum possible award amount.

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

NA

TECHNICAL ISSUES

NA

OTHER SUBSTANTIVE ISSUES

NA

ALTERNATIVES

NA

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS